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Economic Assimilation of Chinese Immigrants in the United States: Is There Wage Convergence with Natives?

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Abstract
Asian Americans have a long and profound history in the United States, and are usually referred to as the "model minority". While the income level of immigrants depends on various factors, existing literature suggests that immigrants who can adapt well and are relatively successful in their new jobs can make a significant contribution to economic growth (Borjas, 2009).

ECONOMIC ASSIMILATION OF CHINESE IMMIGRANTS IN THE UNITED STATES: IS THERE WAGE CONVERGENCE WITH NATIVES?

Eunis Wu

I. INTRODUCTION

Asian Americans have a long and profound history in the United States, and are usually referred to as the "model minority". While the income level of immigrants depends on various factors, existing literature suggests that immigrants who can adapt well and are relatively successful in their new jobs can make a significant contribution to economic growth (Borjas, 2009).

Assimilation and human capital theories explain the income determinants for individuals, especially immigrants, in the labor market. Based on Chiswick's studies (1978) using cross-section data in the 1970s, the age-earnings profiles of immigrant and native men show that upward mobility is an important aspect of the immigrant experience (Borjas, 2009). Despite findings from the age-earnings profiles, however, past research has found that there still seems to be a wage gap between Asian Americans and natives. Studies suggest that Asian immigrants' earnings are about 75% of native-born white Americans' earnings (Min, 2006); mass media reports also show that Asian American men are paid up to 29% less than equally qualified white males (Debusmann, Jr., 2010).

The number of Chinese immigrants in the U.S. has increased significantly over the years. According to the U.S. Census Bureau, there are 3.8 million Asians of Chinese descent in the U.S. in 2009, making it the largest Asian group in the country (2009 American Community Survey, 2009). The Asian population is projected to climb to 40.6 million by 2050, which will make up 9.2 percent of the nation's population (U.S. Census Bureau, 2008). The continuously increasing number of Chinese immigrants in the U.S. raises concerns regarding the living situation of this particular ethnic group. It poses the question of what determines Chinese immigrants' performance in the U.S. labor market, if there is an income gap between Chinese immigrants and natives, and whether assimilation and upward mobility still apply to immigrants nowadays.

By looking for any income disparity between the immigrants and the natives, this research investigates the impact of assimilation on the level of earnings for Chinese immigrants in the United States. This paper also examines income determinants for Chinese immigrants by applying the assimilation and human capital theories. The research is built upon theoretical models developed from related studies, and focuses on income differences between Chinese immigrants and natives using the latest census data and observations. The study aims at re-examining the existing conclusions reached from past data and making meaningful conclusions that reflect the current living situation of Chinese immigrants in the U.S.

II. THEORY AND LITERATURE REVIEW

A. Assimilation

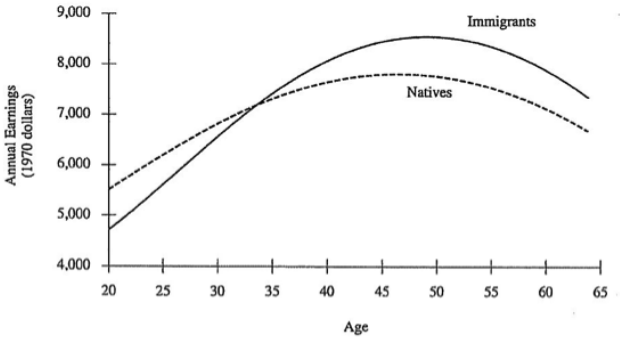
The assimilation theory describes the process that immigrants use to adapt and become acculturated to the host country. It is defined by William Clark (2003) as "a way of understanding the social dynamics of American society that it is the process that occurs spontaneously and often unintended in the course of interaction between majority and minority groups."

Waters and Jeménez (2005) state that today's immigrants are largely assimilating into the American society along four dimensions: socioeconomic status, spatial concentration, language assimilation, and intermarriage. After migration takes place, immigrants find themselves in a foreign and sometimes hostile environment. A learning process about the host country's cultural, political and economic characteristics begins to take place and the immigrant begins to "assimilate" (Borjas, 1989). In general, immigrants and

their descendants become more similar to natives over time by improving their language skills and acquiring local human capital. They may also become more similar to natives in their legal status by obtaining long-term residency and work permits, or by marrying natives and becoming naturalized citizens (Schaeffer, 2006).

Residential patterns have a significant impact on the immigrants' income. Early studies of Chiswick (1978) use cross-section data that displays a snapshot of the population at a point in time to trace out the age-earnings profiles of immigrants and natives. Figure 1 shows the age-earnings profiles of immigrant and native men in the cross section and allows comparisons of current earnings between newly arrived immigrants and immigrants who migrated years ago (Borjas, 2009).

Figure 1: Age-Earnings Profiles of Immigrant and Native Men in the Cross Section (Borjas, 2009)



Observations of the age-earnings profile suggest that immigrants' earnings are initially lower than the native level, and the immigrant curve is steeper than the native's. Gradually, immigrants reach the same level of income with natives while eventually earning more than natives. A typical immigrant who has been in the U.S. for 30 years earns about 10% more than comparable natives (Borjas, 2009).

Even though Borjas argues that cohort effects might contribute to the appearance of wage convergence when in fact there is none, Chiswick et al. still conclude in later studies that duration in the destination plays an important role concerning the economic adjustment of immigrants in the host country (Beenstock, Chiswick, & Paltiel, 2010). By testing the immigrant assimilation hypothesis with longitudinal data, Chiswick et al. further develop the theory that long-duration immigrants experience a steeper increase in earnings from 1983 to 1995 (Beenstock, Chiswick, & Paltiel, 2010).

Besides length of stay in the host country, researchers have long emphasized the importance of education on an immigrant's income level. Studies of Asian Americans' income show that education helps immigrants to become acculturated and subsequently to assimilate to some degree (Barringer, Takeuchi, & Xenos, 1990). For example, research shows that sharp differences exist in the time use between immigrants and natives, and that an increasing amount of time spent on activities including education helps immigrants to become assimilated to the host country (Vigdor, 2008).

B. Human capital

Borjas (2005) defines human capital as a unique set of abilities and acquired skills that each of us brings into the labor market. Human capital theory even more directly asserts the enhancing impact of education on the living situation of minorities (Barringer, Takeuchi, & Xenos, 1990). Human capital theory suggests that success in school and high levels of formal education increase the prospects for better paying, higher status, and more satisfying employment (Barringer, Takeuchi, & Xenos, 1990).

Borjas (2005) suggests in his schooling model that schooling can play a signaling role in the labor market, indicating to employers that the worker carrying the certificate or diploma is a highly productive worker. His model implies that the signaling value of education can help firms to differentiate highly productive workers from less productive workers. In addition to the signaling aspects of education, human capital theory suggests that education helps a worker to actually improve productivity and become more marketable, thus increasing one's earnings in accordance.

Based on the assimilation theory and human capital theory, my research attempts to answer the question of how much influence assimilation has on income level after controlling for human capital factors. Specifically, this research examines how length of stay in the host country helps Chinese immigrants to close the income gap

with natives. Instead of plotting earnings against age, this research looks for relationships between the change in the wage level and the years of experience in the United States. By separating the effect of age from the effect of experience in the host country, the research specifically tests the assimilation theory with the latest cross-sectional data on Chinese immigrants and natives.
I hypothesize that:

1. Human capital factors have a significant influence on a Chinese immigrant's income level nowadays.
2. The more assimilated a Chinese immigrant is, the closer the income parity with natives, controlling for other factors that are known to affect income. Specifically, the longer a Chinese immigrant stays in the U.S., the closer the income parity with natives, controlling for other factors that are known to affect income.

III. DATA

The data in this research paper comes from IPUMS CPS (Current Population Survey) database. IPUMS-CPS is an integrated set of data from 50 years (1962-2011) of the March Current Population Survey (CPS). It is a monthly U.S. household survey conducted jointly by the U.S. Census Bureau and the Bureau of Labor Statistics (IPUMS-CPS, 2011).

All data in this research comes from the latest available CPS administered during March 2011. Samples include U.S. born and Chinese born individuals who are between the age of 25 and 65 and working more than 35 hours per week. The data for natives contains 54,698 observations and the data for Chinese contains 604 observations. The large sample size makes the research and results largely representative of the population.

A. Dependent variable

LnWage is used to measure level of income. The variable Wage and Salary Income indicates each respondent's total pre-tax wage and salary income – that is, money received as an employee – for the previous calendar year. The natural log of wage measures how fast income grows given one unit of change for a given variable.

B. Independent variables

1. Assimilation

Year of Immigration is used to measure the individual's extent of nativity based on the assimilation theory. This variable reports the year in which a person born outside the United States came to the U.S. to stay.

2. Human capital

Usual Hours Worked Per Week (last year) is used to measure the individual's work experience based on the human capital theory. It reports the number of hours per week that respondents usually worked if they worked during the previous calendar year. Individuals either reported hours working at a job or business at any time during the previous year or acknowledged doing "any temporary, part-time, or seasonal work even for a few days" during the previous year (IPUMS-CPS, 2011).

Education Attainment is used to measure an individual's level of education based on the human capital theory. This variable is recoded into a set of dummy variables:

- HighSchoolDiploma
- SomeCollege
- Bachelors
- Masters
- Professionals
- Doctors

The reference group for the education dummy variables is any individual with high school education (no diploma) or under.

3. Control variables

Age gives each person's age at last birthday and is included in the regression model for natives to separate the impact of age and years of immigration on the level of income. Age proxies life experience and is a very rough proxy for work experience. Sex gives each person's gender and is included as a dummy variable in the empirical model.

Marital Status gives each person's current marital status, including whether the spouse was currently living in the same household. The variable is recoded into a dummy variable, Married, with the reference group of individuals that are not currently married.

NChild gives the number of own children (of any age or marital status) residing with each individual. It includes stepchildren and adopted children as well as biological children.

NChlt5 gives the number of own children age 4 and under residing with each individual. It includes stepchildren and adopted children as well as biological children.

All variables and their detailed definitions are shown in Table 1.

Table 1: Variables, Descriptions and Expected Signs

Variable	Description	Expected Sign
Dependent		
LnWage	Natural log of wage and salary income	
Independent		
Age	A person's age last birthday	Positive
Years in US	Number of years an imm immigrant has stayed in the U.S.	Positive
Education attainment		Positive
HighSchoolDiploma	0= High School (no diploma) or under 1= High school diploma or equivalent	
SomeCollege	0 = no college 1 = some college (including associate's degree)	
Bachelors	0 = No Bachelor's degree 1 = Bachelor's degree	
Masters	0 = No Master's degree 1 = Master's degree	
Professionals	0 = No Professional School degree 1 = Professional School degree	
Uhrswork	Usual hours worked per week (last year)	Positive
Sex		
Male		Unknown
Female	0 = Female 1 = Male	
Marital Status		
Married	0 = Not married 1 = Married	Unknown
NChild	Number of own children in household	Unknown
NChit5	Number of own children under age 5 in household	Unknown

IV. EMPIRICAL MODEL

The empirical model of this study contains the following parts:
1. Descriptive statistics; 2. OLS regression analysis; 3. Simulation and comparison of the revised models. First, descriptive statistics is run to compare variables of Chinese immigrants to natives. Then, Ordinary Least Squares (OLS) regressions are run to examine whether each income determinant has a significant impact on the level of income for Chinese immigrants and natives. Regression models for the natives and the immigrants are as follows:

Model 1:"Native" Model
$LnWage=\alpha_0+\beta_1 Age+\beta_2 HighSchoolDiploma+\beta_3 SomeCollege+\beta_4 Bachelors+\beta_5 Masters+\beta_6 Professionals+\beta_7 Doctors+\beta_8 Uhrswork+\beta_9 Male+\beta_{10} Married+\beta_{11} NChild+\beta_{12} NChilt5$

Model 2:"Immigrant" Model
$LnWage=\alpha_0+\beta_1 YearsinUS+\beta_2 HighSchoolDiploma+\beta_3 SomeCollege+\beta_4 Bachelors+\beta_5 Masters+\beta_6 Professionals+\beta_7 Doctors+\beta_8 Uhrswork+\beta_9 Male+\beta_{10} Married+\beta_{11} NChild+\beta_{12} NChilt5$

In the Immigrant Model, the variable YearsinUS captures the assimilation theory. To find the equivalent relationship for natives to substitute for the effect of assimilation, the variable Age replaces YearsinUS in the Native Model. To eliminate the effect of human capital, education variables and other demographic variables are controlled throughout the analysis.

Next, the paper examines whether wage convergence takes place between the two groups by simulating a "what-if" scenario of wage and salaries. When the basic models are revised based on the coefficients found in the regression analysis, variable means of the immigrant group are applied in the revised Native Model to calculate the hypothetical income level of natives. The resulting value suggests the income level of natives when they were given Chinese characteristics, which is an important benchmark to compare against actual Chinese income in the Immigrant model.

Finally, the paper looks for any wage convergence by comparing the income results of the immigrant group to the natives'. When the natives were given Chinese characteristics in the Native Model, the calculated resulting value serves as a benchmark against the income level of immigrants. The variable YearsinUS is increased gradually, and the correspondent result of the dependent variable LnWage shows the immigrant's income at various level of assimilation. Since human capital and other demographic variables are controlled, the results reflect purely the effect of assimilation.

Table 2: Descriptive Statistics Results of Natives and Chinese Immigrants

	Natives	Immigrants
N	54698	604
Dependent Variable:		
Wage and Salary Income	53326.13 (-47725.652)	61146.55 (-52804.038)
LnWage	10.6015 (-0.81042)	10.7273 (-0.805)
Independent Variables:		
Age	43.25 (-10.703)	44.42 (-9.682)
YearsinUS	N/A N/A	18.1424 (-10.996)
HighSchoolDiploma	0.2763 (0.44719)	0.2202 (-0.4147)
SomeCollege	0.3036 (-0.45981)	0.1026 (-0.3037)
Bachelors	0.2448 (-0.42998)	0.2152 (-0.41132)
Masters	0.0996 (-0.29952)	0.2119 (-0.40901)
Professionals	0.018 (-0.13298)	0.0265 (-0.1607)
Doctors	0.0171 (-0.12969)	0.149 (-0.35639)
Usual hours worked per week (last yr)	43.42 (-7.877)	42.78 (-7.878)
Male	0.5488 (-0.49761)	0.5033 (-0.5004)
Married	0.6478 (-0.47767)	0.7632 (-0.42544)
Number of own children in household	1.05 (-1.164)	0.97 (-0.986)
Number of own children under age 5 in household	0.2 (-0.506)	0.16 (-0.429)

(Standard deviation in parentheses)

V. RESULTS

A. Descriptive statistics

Descriptive results of the mean and standard deviation for natives and Chinese immigrants are shown in Table 2.

A comparison of the means for wage and salary income suggests that Chinese immigrants earn about 14% more than natives on average. The descriptive statistics also shows that Chinese immigrants are more likely to have advanced college degrees and are especially likely to hold masters degrees. The higher income level of immigrants can be largely attributed to the higher education attainment of graduate school degrees, which is consistent with the finding that education is one of the determining factors in income.

B. Regression analysis

Table 3 shows regression results for the native model and the immigrant model.

The coefficient for the variable YearsinUS is 0.010 and is significant at the 1 percent level. The result suggests that with an increase of one year in the U.S., an immigrant's salary increases by 1%. The coefficient for the variable Age is 0.008 and is also significant at the 1 percent level. This means that with an increase of one year of age, a native's salary increases by 0.8%. Thus, changes of the length of stay in the U.S. for the immigrant group have a stronger impact on the income level than changes of years of age for the native group, which gives rise to the possibility that wage gap between the two groups may be eliminated.

Meanwhile, both models have relatively high adjusted R-square values and many coefficients that are statistically significant. All coefficients in the Native Model are significant at the 1 percent level, while most of the coefficients in the Immigrant Model are significant. The regression results are consistent with the expectation that most of the coefficients have positive signs. The high level of significance supports the human capital theory that education plays a huge role in determining income regardless of being native or immigrant. It should be noted that coefficients

for the education variables increase as the level of educational attainment increases in both models, which also supports the hypothesis that higher education attainment has a more significant influence on income growth.

C. Comparisons of results between the Native Model and the Immigrant Model

Based on the results from regression analysis, the models are restated as follows:

Model 1 – the "Native" Model:
LnWage=8.717+.008Age+.319HighSchoolDiploma+.486SomeCollege+.486Bachelors+1.013Masters+1.338Professionals+1.256Doctors+.015Uhrswork+.271Male+.156Married+.033NChild-.028NChilt5

Model 2 – the "Immigrant" Model:
LnWage=9.380+.010YearsinUS+.101HighSchoolDiploma+.428SomeCollege+.783Bachelors+.971Masters+1.306Professionals+1.176Doctors+.006Uhrswork+.157Male+.182Married+.077NChild-.081NChilt5

Table 3: Regression Results for Natives and Chinese Immigrants

	Native Model			Immigrants Model		
	Coefficients	t-statistic	Sig.	Coefficients	t-statistic	Sig.
Constant	8.717	338.409	.000***	9.38	51.517	.000***
	(-0.026)			(-0.182)		
Age	0.008	27.356	.000***	N/A	N/A	N/A
	0					
YearsinUS	N/A	N/A	N/A	0.01	3.997	.000***
				(-0.003)		
HighSchoolDiploma	0.319	19.883	.000***	0.101	0.887	0.375
	(-0.016)			(-0.114)		
SomeCollege	0.486	30.401	.000***	0.428	3.286	.001***
	(-0.016)			(-0.130)		
Bachelors	0.843	51.851	.000***	0.783	6.846	.000***
	(-0.016)			(-0.114)		
Masters	1.013	56.569	.000***	0.971	8.492	.000***
	(-0.018)			(-0.114)		
Professionals	1.338	49.275	.000***	1.306	6.821	.000***
	(-0.027)			(-0.191)		
Doctors	1.256	45.449	.000***	1.176	9.774	.000***
	(-0.028)			(-0.120)		
Usual hours worked per week (last yr)	0.015	38.041	.000***	0.006	1.622	0.105
	0			(-0.003)		
Male	0.271	43.442	.000***	0.157	2.917	.004***
	(-0.006)			(-0.054)		
Married	0.156	22.125	.000***	0.182	2.601	.010***
	(-0.007)			(-0.070)		
Number of own children in household	0.033	11.131	.000***	0.077	2.47	.014**
	(-0.003)			(-0.031)		
Number of own children under age 5 in household	-0.028	-3.975	.000***	-0.081	-1.22	0.223
	(-0.007)			(-0.067)		
Adjusted R-Square	0.242			0.349		
Observations	54698			604		

Notes:
***Significant at the 1 percent level.
**Significant at the 5 percent level.
*Significant at the 10 percent level.
Standard errors are reported in parentheses.

Based on the restated models above, Table 4 shows a comparison of the estimated natural log of wage between natives and Chinese immigrants. As explained in the previous sections, when the basic models are revised based on the coefficients found in the regression analysis, variable means of the immigrant group are applied in the revised Native Model to calculate the hypothetical income level of natives. The results in Table 4 are wages estimated by multiplying the estimated coefficients of each regression times the Chinese immigrants' mean value of each of the independent variables.

From Table 4 on the next page, it can be seen that when given the same characteristics, the natives earn about $1300 more annually than Chinese immigrants. Since the variable means of Chinese immigrants are applied to each model, the result from the Native model shows the average income level of natives as if they had the same characteristics with Chinese immigrants.Therefore, the results show that when human capital variables are controlled for, the natives have an advantage in income over Chinese immigrants. Since human capital variables are controlled in the simulation, the differences in earnings are attributed mainly to the level of assimilation. The difference could be explained by

various factors such as language, citizenship status, discrimination in the labor market, etc.

Table 4: Comparison of Natural Log of Wage between the Native Model and the Immigrant Model When Average Chinese Characteristics Are Applied

Native Model "What-if"			Immigrant Model		
Variable	Coefficient	Mean	Variable	Coefficient	Mean
Constant	8.717		Constant	9.38	
Age	0.008	44.42	YearsinUS	0.01	18.1424
HighSchoolDiploma	0.319	0.2202	HighSchoolDiploma	0.101	0.2202
SomeCollege	0.486	0.1026	SomeCollege	0.428	0.1026
Bachelors	0.843	0.2152	Bachelors	0.783	0.2152
Masters	1.013	0.2119	Masters	0.971	0.2119
Professionals	1.338	0.0265	Professionals	1.306	0.0265
Doctors	1.256	0.149	Doctors	1.176	0.149
Uhrswork	0.015	42.78	Uhrswork	0.006	42.78
Male	0.271	0.5033	Male	0.157	0.5033
Married	0.156	0.7632	Married	0.182	0.7632
NChild	0.033	0.97	NChild	0.077	0.97
NChlt5	-0.028	0.16	NChlt5	-0.081	0.16
LnWage		10.7561	LnWage		10.7273
Wage and Salary		46915.34	Wage and Salary		45583.45

Because human capital factors are controlled in the simulation and only the effect of assimilation is considered, the result for natives in Table 4 serves as a benchmark for the Chinese immigrants when wages and salaries for the two groups are compared. Note that values of LnWage in Table 4 for both the natives and the immigrants are higher than the value of LnWage in Table 2 for natives. The results again suggest that natives are at an advantageous position compared to Chinese immigrants when the effect of human capital is controlled and income is determined mostly by the level of assimilation.

Table 5 compares the native benchmark to the value of the natural log of wage for Chinese immigrants when Years in U.S. is adjusted. The native benchmark is quoted from results in Table 4 when natives were given the same Chinese characteristics. The difference between the two columns shows the difference between the absolute value of wage and salaries between the immigrant group and the native group.

Based on the results of Table 5, when they first come to the U.S., immigrants have somewhat lower earnings than the natives with identical human capital endowments. As length of stay in the U.S increases, immigrant's earnings gradually increase as a result of assimilation. An important finding of the study is that, it takes 21 years for Chinese immigrants to reach the same level of income as natives when the immigrants eventually become assimilated. The decreasing earnings gap shows that wage convergence does apply to Chinese immigrants nowadays. This finding is consistent with Chiswick's conclusions in the age-earnings profile and suggests that longer duration in the U.S. helps immigrants to assimilate more to the host country.

Figure 2 on the next page plots the data in Table 5 to show the findings.

Immigrants have lower level of income compared to natives when they first migrate to the U.S.. As the number of years of stay increases, earnings between the two groups slowly converge and then gradually diverge after 21 years. Eventually the immigrant group becomes completely assimilated and enjoys a higher level of income compared to the natives. A possible explanation for the convergence is that immigrants lack certain skills and are not familiar with the new environment when they first move to the U.S. As time goes by, immigrants obtain necessary knowledge and skills that are useful in raising their productivity and performance in the labor market. As discussed in previous sections, length of stay for Chinese immigrants has a stronger effect on income growth than the change of age for natives. This might also explain the finding that income of Chinese immigrants eventually exceeds the natives' as the immigrants keep acquiring skills and learning knowledge in the host country.

VI. CONCLUSION

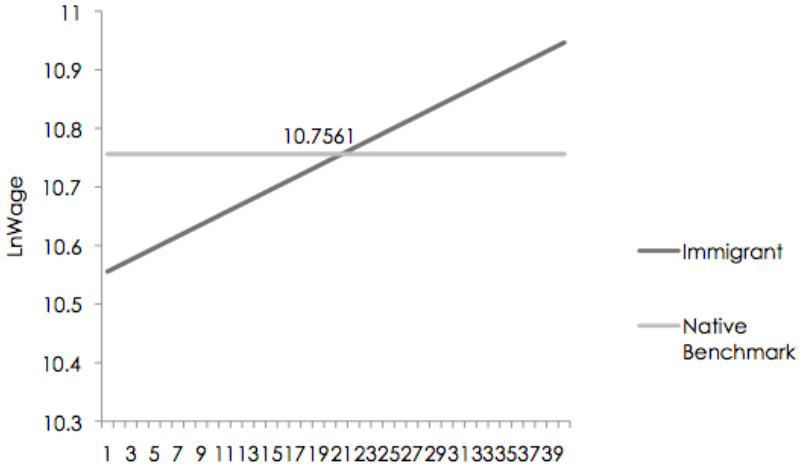
This research examines income determinants for 21st century Chinese immigrants and uses the model to test the impact of assimilation theory on the income level for the immigrants.

Table 5: Immigrant Model Adjusted for Years in U.S. and Compared to Native Benchmark

YearsinUS	Immigrant	Native Benchmark	Difference
1	10.5556	10.7561	(0.2005)
2	10.5656	10.7561	(0.1905)
3	10.5756	10.7561	(0.1805)
4	10.5856	10.7561	(0.1705)
5	10.5956	10.7561	(0.1605)
6	10.6057	10.7561	(0.1504)
7	10.6157	10.7561	(0.1404)
8	10.6257	10.7561	(0.1304)
9	10.6357	10.7561	(0.1204)
10	10.6457	10.7561	(0.1104)
11	10.6558	10.7561	(0.1003)
12	10.6658	10.7561	(0.0903)
13	10.6758	10.7561	(0.0803)
14	10.6858	10.7561	(0.0703)
15	10.6959	10.7561	(0.0602)
16	10.7059	10.7561	(0.0502)
17	10.7159	10.7561	(0.0402)
18	10.7259	10.7561	(0.0302)
19	10.7359	10.7561	(0.0202)
20	10.746	10.7561	(0.0101)
21	**10.756**	**10.7561**	**(0.0001)**
22	10.766	10.7561	0.0099
23	10.776	10.7561	0.0199
24	10.786	10.7561	0.0299
25	10.7961	10.7561	0.0400
26	10.8061	10.7561	0.0500
27	10.8161	10.7561	0.0600
28	10.8261	10.7561	0.0700
29	10.8362	10.7561	0.0801
30	10.8462	10.7561	0.0901
31	10.8562	10.7561	0.1001
32	10.8662	10.7561	0.1101
33	10.8762	10.7561	0.1201
34	10.8863	10.7561	0.1302
35	10.8963	10.7561	0.1402
36	10.9063	10.7561	0.1502
37	10.9163	10.7561	0.1602
38	10.9263	10.7561	0.1702
39	10.9364	10.7561	0.1803
40	10.9464	10.7561	0.1903

My hypothesis that human capital factors have a significant influence on a Chinese immigrant's income level is supported by my results. The most important finding of this study is that there is wage convergence between Chinese immigrants and natives in recent years and it takes more than 20 years for immigrants to become completely assimilated as natives. The results are consistent with Chiswick's findings in the age-earnings profile, and additionally, the two groups' earnings diverge after 20 years of stay in the U.S. Possible explanations could be that immigrants keep acquiring knowledge and skills and are able to apply them effectively over time. They are also able to assimilate themselves in the host society and translate their assimilation into equivalent level of income. Additionally, the results suggest that the current immigration policies are attracting high-skilled immigrants to the U.S. Policies that encourage immigrants to acquire advanced college education need to be carried out in the future; long-term residency would also help immigrants to become more and more assimilated and thus stimulating the overall economy.

Fig. 2. LnWage vs. Number of Years in U.S. for Immigrants Compared to Natives Benchmark



While the hypotheses are supported by the results in this research and the findings are consistent with the assimilation and human capital theories, this study is conducted by analyzing cross-section data and reflects a snapshot of the population's earnings at a fixed point of time. It is not clear whether tracing out the age-earnings profiles by following specific individuals over a period of time would have a significant impact on the results. Future research also needs to be conducted to explore other factors such as intergenerational relationships that could affect assimilation significantly.

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